

SENATE BILL No. 441

DIGEST OF INTRODUCED BILL

Citations Affected: IC 27-1-31-4.

Synopsis: Property and casualty premium increase disclosure. Allows an insurer to increase the premium for certain commercial property and casualty policies by more than 14% only if proper notice is given to the insured.

Effective: July 1, 2002.

Paul

January 14, 2002, read first time and referred to Committee on Insurance and Financial Institutions.

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PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2001 General Assembly.

SENATE BILL No. 441

A BILL FOR AN ACT to amend the Indiana Code concerning insurance.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 27-1-31-4 IS ADDED TO THE INDIANA CODE
2 AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
3 1, 2002]: **Sec. 4. (a) An insurer that intends to apply an increase of**
4 **more than fourteen percent (14%) to the premium charged for:**

5 **(1) continuation of a policy beyond the anniversary date of the**
6 **policy; or**

7 **(2) renewal of a policy;**

8 **shall provide to the insured prior written notice specifying the**
9 **premium that will be charged for the policy after the anniversary**
10 **date or upon renewal of the policy.**

11 **(b) If an insurer described in subsection (a) provides the written**
12 **notice required under subsection (a) to an insured more than**
13 **forty-four (44) days before the anniversary date or the expiration**
14 **date of a policy, the insurer may apply the premium increase of**
15 **more than fourteen percent (14%) to continued coverage under:**

16 **(1) the policy beyond the anniversary date; or**

17 **(2) a renewal;**



1 of the policy.

2 (c) If an insurer described in subsection (a) provides the written
3 notice required under subsection (a) less than forty-five (45) days
4 but more than fifteen (15) days before the anniversary date or the
5 expiration date of a policy, the insurer shall not apply an increase
6 to the premium and shall:

7 (1) offer to the insured extended coverage under the policy for
8 not more than sixty (60) days after the anniversary date or the
9 expiration date of the policy;

10 (2) provide the extended coverage offered under subdivision
11 (1) if the insured, not more than fifteen (15) days after the
12 insured receives the notice, notifies the insurer in writing that
13 the insured elects to extend coverage under the policy; and

14 (3) charge for the extended coverage elected by the insured
15 under this subsection a pro rata premium calculated using the
16 same unadjusted rate and rating plan that applied to the prior
17 policy term.

18 (d) If an insurer described in subsection (a) provides the written
19 notice required under subsection (a) less than sixteen (16) days
20 before the anniversary date or the expiration date of a policy, the
21 insurer shall not apply an increase to the premium and shall:

22 (1) offer to the insured an additional term of coverage under
23 the policy;

24 (2) provide:

25 (A) the coverage offered under subdivision (1); or

26 (B) without penalty to the insured, extended coverage for
27 a period shorter than the period offered under subdivision

28 (1) if requested by the insured;

29 if the insured, not more than fifteen (15) days after receiving
30 the written notice, notifies the insurer in writing that the
31 insured elects to extend coverage under the policy; and

32 (3) charge for the coverage elected by the insured under this
33 subsection a pro rata premium calculated using the same
34 unadjusted rate and rating plan that applied to the prior
35 policy term.

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